



**Livestock and Seed Program
Audit, Review, and Compliance Branch
Quality System Audit Report**

AUDIT INFORMATION

Applicant Name:	Certified Organic, Inc. (COI)
Est. Number:	N/A
Physical Address:	500 1 st St., Keosauqua, IA 52556
Mailing Address:	500 1 st St., Keosauqua, IA 52556
Contact & Title:	Nanette Daugherty Rambo
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Auditor(s):	Phil Frederick
Program:	USDA National Organic Program (NOP)
Audit Date(s):	May 31, 2006
Audit Identifier:	NP5123FFA
Action Required:	Yes
Audit Type:	Corrective Action Audit
Audit Objective:	To verify that corrective actions adequately address the non-compliances identified during the 2005 Annual Update audit
Audit Criteria:	7 CFR Part 205.510, National Organic Program, Final Rule, dated December 21, 2000; Amended November 3, 2003
Audit Scope:	Submitted corrective actions
Location(s) Audited:	Desk

The corrective actions submitted by COI to the auditor on April 20, 2006 included:

- Certification evaluation documents for two (2) Livestock operations files, two (2) crop operations files and two (2) processor operations files.
- Annual Conflict of Interest Report for the Certification Manager
- Fee schedule and invoices for the two (2) Livestock operations files, two (2) crop operations files and two (2) processor operations files to show what the clients annual certification fee will be

FINDINGS

The submitted corrective actions to the previous non-compliances did not adequately address all of the non-compliances. The major non-compliance (c) is still outstanding. The major non-compliance (a & b) and the one minor non-compliance (NP5123FFA.NC3) were cleared.



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NP5123FFA.NC1 – Major - Outstanding

- a) 205.501(a)(11)(v); - **Cleared** - All persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification... must complete and annual conflict of interest disclosure report. *COI only submitted conflict of interest (COF) disclosure reports for inspectors - Sharon Colbenson and Stanley J. Hildebrand. No COF were submitted for inspectors - Arthur Harvey, George Martin, Mary Wilson and Don Konrad. Also no COF was submitted for Nanette Rambo. Corrective Action:* COI submitted COF disclosure reports for 6 inspectors and 4 COF disclosure reports for reviewers. Three (3) of the COF disclosure reports for the reviewers, the auditor could not read the signature to see who they were for. No COF disclosure reports for Arthur Harvey, Mary Wilson and Nanette Rambo were submitted for review. **Corrective Action: (April 20, 2006)** COI submitted a COF disclosure report for Nanette Rambo, Certification Manager for review. COI did not submit COF disclosure reports for Arthur Harvey and Mary Wilson because they did not work for COI for the year in review.
- b) 205.504 (d)(2); - **Cleared** -Copies of at least three different inspection reports and certification evaluation documents for production or handling operations certified during the previous year for each area of operation for which accreditation is requested. *COI only submitted 2 crops and 1 livestock files. No processor file was submitted for review. Also the files that were submitted were incomplete because no certification evaluation document was submitted with each file. Corrective Action:* COI submitted 2 crops (Perry Hershberger Farm and Leona and Gary Yokiel), 2 livestock files (Tony Huls and Enchanted Meadows) and 2 processor files (Futters Nut Butters Processing Facility and Excalibur Seasonings Processing Center for organic spice Blends). All the files were incomplete because no certification evaluation document was found that verified how the final certification decision was made. The Perry Hershberger file had conditions that had to be met within 30 days of the date (8/10/05) of the notification. In the file was no documentation to verify that the conditions were met so the client could be certified. A certificate was issued on 8/26/05. The Excalibur Seasonings file did not have an inspection checklist and had conditions that had to be addressed within 90 days of the date (4/27/05) of the notification. In the file there was no documentation to verify that the conditions were met so the client could be certified. A certificate was issued on 04.27.05. **Corrective Action: (April 20, 2006)** COI submitted certification documentation for the 2 crop, livestock and processors files along with documentation that verified that Perry Hershberger met his conditions. COI also submitted the inspection checklist, certification documentation and documentation to verify that Excalibur Seasonings met their conditions.
- c) 205.510 (a) (4) - **Not Adequately Addressed** - requires submission of the results of the most recent performance evaluations and Annual program review and a description of adjustments to the certifying agent's operation and procedures implemented or to be implemented in response to the performance evaluations and program review included in the report. The proposed changes must satisfy the NOP requirements. *COI did not submit their most recent performance evaluations and annual program review and a description of adjustments to the certifying agent's operation and procedures implemented or to be implemented in response to the performance*



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evaluations and program review. **Corrective Action:** COI only submitted performance evaluations for 3 persons. Those 3 performance evaluations did not meet the requirements set forth by NOP (e-mail dated 05/10/05 stated “alternatives to certifiers submitting actual performances appraisals. They may provide us with very clear criteria on how employees are evaluated and an affirmative accounting of each employee that was evaluated and a statement that their performance appraisal was satisfactory”). No performances evaluations for the inspectors were submitted for review. The annual program review submitted did not give enough information to verify that COI completely reviewed their whole organic program. **Corrective Action: (April 20, 2006)** COI submitted the final evaluation for each inspector, but did not submit a criteria on how the employees and inspectors were evaluated. In addition, COI did not submit an annual program review that was requested by the auditor to verify that COI reviewed their whole program.

NP5123FFA. NC3 – Minor - Cleared - 205.406 (a) -- To continue certification, a certified operation must annually pay the certification fees. *The producer (crop & livestock) files that COI submitted did not have a fee schedule included in the files to show what the client’s annual certification fee would be.* **Corrective Action:** COI submitted 2 crop files, 2 livestock files and 2 processor files and the files did not have the fee schedule included to show what the clients annual certification fee would be. **Corrective Action: (April 20, 2006)** COI submitted a fee schedule and invoices to show what the clients fees would be.